



International Agricultural Trade Report

Dairy Livestock & Poultry Trade Update

December 3, 2001

FY 2002 Trade Forecast Lowered Due to Expected Slump in Beef Exports

Summary

The FY 2002 export forecast for dairy, livestock, and poultry commodities now stand at \$12.4 billion, down about \$400 million from the August projection. This compares to the just released total of \$12.6 billion for FY2001. A decrease in the forecast value for redmeat more than offset increases in poultry and dairy products, and hides and skins. The downturn in trade for the 2002 forecast is largely attributed to reduced expectations in beef exports, mainly to Japan.

Red Meat: The November FY 2002 export forecast for redmeat is \$4.6 billion, down nearly 10 percent from the August projection. Beef and veal exports are forecast at \$2.7 billion as volume slips about 80,000 tons to 755,000 tons due to a worldwide economic slowdown and a decline in consumption in Japan due to BSE concerns. Beef variety meat exports are also forecast down from the August projection. The decline in beef and beef variety meats is attributed to volume as prices remain relatively unchanged. The FY 2002 pork export volume is forecast virtually unchanged at 500,000 tons. However, value is projected to be slightly lower at \$1.3 billion as increasing U.S. pork production and weakening economy pressure prices lower. U.S. pork exports to Russia, Mexico, and key markets in Asia are in stiff competition from Canada and the EU. Pork variety meat exports are forecast higher than the August projection, based on strong export performance in FY 2001.

Poultry: Total poultry product exports are forecast at \$2.6 billion for FY 2002, slightly higher than the August projection. Record poultry meat production in the United States continues to provide ample exportable supplies, mainly chicken leg quarters. Poultry meat exports for FY 2002 are still forecast at 3.2 million tons,

Export Outlook for DL&P Products

Revised Forecast for 2002: ↓ \$400 Million to \$12.4 Billion

Revised FY 2002 Projection

Key Upside Developments

- Poultry sales remain strong
- Hides exports benefit from strong Chinese demand & current US cattle cycle

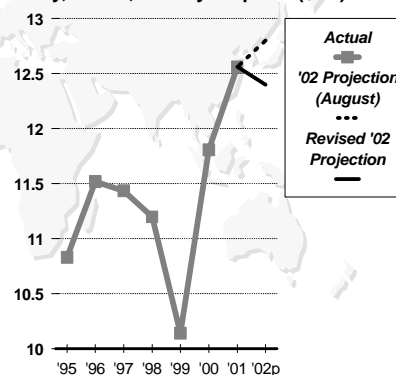
Key Downside Developments

- Japan's demand for beef declines further
- Global economic slowdown

Wild Cards

- Heightened concerns over FMD, BSE, & other animal diseases
- Japan's next actions on pork safeguard measures
- Certification issue threatens US chicken paws exports to China

Dairy, Livestk, Poultry Exports (\$Bil)



valued at \$2.3 billion. Sales to Russia, China, and Mexico continue to dominate the U.S. poultry export market. Eggs and egg products export value for FY 2002 are forecast unchanged at \$120 million.

Dairy: For FY 2002, dairy products exports are forecast at \$1.1 billion, nearly unchanged since the August projection. Slowing economies in many major markets are expected to restrain import demand growth. Demand for cheese and whey products is expected to show some further growth in 2002 as lower domestic prices help these products remain competitive. Exports of nonfat dry milk, mainly under DEIP, are forecast to stay at or near the FY2001 level.

Hides and Skins: The FY 2002 total hides and skins export value forecast is up \$100 million from the August projection to \$2.0 billion as cattle slaughter continues at a higher level than previously anticipated. Although more whole cattle hides are available for export than previously forecast, volume is down from 2001. Hefty export demand for whole cattle hides in the key markets of South Korea and China and increased exports to Italy are expected to push growth in export value.

U.S. Exports for FY 2001 and FY 2002 Forecast		
Value (billion \$)		
Exports	FY 2001	FY 2002 (Nov)
Total Beef	3.4	3.2
Total Pork	1.5	1.4
Poultry Products	2.6	2.6
Lard, Tallow, Grease	0.3	0.3
Dairy Products	1.1	1.1
Hides & Skins	2.0	2.0
Other	1.7	1.8
Total	12.6	12.4

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